

## 160 - Office of Insurance Commissioner

### A001 Agency Administration

The Office of the Insurance Commissioner (OIC) is responsible for regulating the insurance industry in Washington State. The activities of OIC are primarily funded by fees from insurance organizations. Agency management develops policies, regulations, and codes to ensure that the citizens of Washington are able to access affordable insurance; it also provides the administrative support necessary for other divisions within the office to carry out their functions. (Insurance Commissioner's Regulatory-State)

|       | FY 2006     | FY 2007     | Biennial Total |
|-------|-------------|-------------|----------------|
| FTE's | 38.6        | 38.2        | 38.4           |
| GFS   | \$0         | \$0         | \$0            |
| Other | \$5,733,000 | \$4,818,000 | \$10,551,000   |
| Total | \$5,733,000 | \$4,818,000 | \$10,551,000   |

**Statewide Result Area: Improve the economic vitality of businesses and individuals**

**Statewide Strategy: Provide consumer protection**

#### Expected Results

To provide executive and administrative services in support of the agency's mission in a professional, qualitative, and responsive manner which emphasizes efficiency and cost-effectiveness.

### A006 Monitoring Insurance Company Solvency

This activity protects consumers by monitoring the solvency of insurance carriers, health care service contractors, health maintenance organizations, and certified health plans authorized to conduct business in Washington State. Solvency issues may be identified through market conduct examinations, financial examinations, or financial analysis of statements filed by insurers. If an insurer's response to increased monitoring activity does not result in an improvement of the solvency issues, the Insurance Commissioner may petition the Superior Court for a rehabilitation order. Upon entry of a rehabilitation order, the insurer's management is suspended, and the Insurance Commissioner and his/her staff, as officers of the court, manage the insurer's operations. If rehabilitation is deemed unlikely, the court may order the insurer liquidated. The Insurance Commissioner continues to manage the operations of the insurer until liquidation is complete. (Insurance Commissioner's Regulatory-State)

|       | FY 2006     | FY 2007     | Biennial Total |
|-------|-------------|-------------|----------------|
| FTE's | 54.8        | 55.0        | 54.9           |
| GFS   | \$0         | \$0         | \$0            |
| Other | \$4,917,000 | \$4,977,000 | \$9,894,000    |
| Total | \$4,917,000 | \$4,977,000 | \$9,894,000    |

**Statewide Result Area: Improve the economic vitality of businesses and individuals**

**Statewide Strategy: Provide consumer protection**

**Expected Results**

In addition to the financial and market conduct examinations completed, the Company Supervision staff also completes 540 detailed desk examinations of quarterly, annual, and supplemental financial statements, and reviews 96 monthly statements filed by domestic insurers; reviews cursory quarterly review of statements filed by almost 1,400 foreign insurers; and reviews intermediate quarterly statements filed by 270 financially distressed foreign insurers. This activity also contributes to the recovery for consumers measure listed with the Investigations and Enforcement activity.

| Percentage of the biennial examination plan completed in order to maintain the 5-year cycle of domestic insurers. |         |        |        |          |
|---|---------|--------|--------|----------|
| Biennium  | Period  | Target | Actual | Variance |
| 2005-07   | 8th Qtr | 12.5%  |        |          |
|   | 7th Qtr | 12.5%  |        |          |
|   | 6th Qtr | 12.5%  |        |          |
|   | 5th Qtr | 12.5%  |        |          |
|   | 4th Qtr | 12.5%  |        |          |
|   | 3rd Qtr | 12.5%  |        |          |
|   | 2nd Qtr | 12.5%  |        |          |
|   | 1st Qtr | 12.5%  | 12.3%  | (0.2)%   |

**A005 Investigations and Enforcement**

Staff investigates and acts upon violations of laws and rules regarding sales and marketing practices, account standards, and related matters. Staff also assists consumers with problems involving insurance sales or marketing practices by agents, brokers, or insurers. (Insurance Commissioner's Regulatory-State)

|       | FY 2006   | FY 2007   | Biennial Total |
|-------|-----------|-----------|----------------|
| FTE's | 11.0      | 11.0      | 11.0           |
| GFS   | \$0       | \$0       | \$0            |
| Other | \$957,000 | \$986,000 | \$1,943,000    |
| Total | \$957,000 | \$986,000 | \$1,943,000    |

**Statewide Result Area: Improve the economic vitality of businesses and individuals**  
**Statewide Strategy: Provide consumer protection**

**Expected Results**

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

| Amount recovered for consumers as a result of the Office of Insurance Commissioner's intervention. |         |             |             |             |
|--|---------|-------------|-------------|-------------|
| Biennium   | Period  | Target      | Actual      | Variance    |
| 2005-07  | 8th Qtr | \$2,950,000 |             |             |
|  | 7th Qtr | \$2,950,000 |             |             |
|  | 6th Qtr | \$2,950,000 |             |             |
|  | 5th Qtr | \$2,950,000 |             |             |
|  | 4th Qtr | \$2,950,000 |             |             |
|  | 3rd Qtr | \$2,950,000 |             |             |
|  | 2nd Qtr | \$2,950,000 |             |             |
|  | 1st Qtr | \$2,950,000 | \$1,963,574 | \$(986,426) |

| Number of investigations and financial examinations of insurance agents and brokers completed. |         |        |        |          |
|--|---------|--------|--------|----------|
| Biennium   | Period  | Target | Actual | Variance |
| 2005-07  | 8th Qtr | 150    |        |          |
|  | 7th Qtr | 150    |        |          |
|  | 6th Qtr | 150    |        |          |
|  | 5th Qtr | 150    |        |          |
|  | 4th Qtr | 150    |        |          |
|  | 3rd Qtr | 150    |        |          |
|  | 2nd Qtr | 150    |        |          |
|  | 1st Qtr | 150    | 305    | 155      |

### A003 Consumer Information and Advocacy

Staff responds to oral and written complaints and inquiries from consumers regarding insurance companies, and acts as an advocate when appropriate. Assistance is rendered to enforce the various provisions of the insurance code and is based on authority to take disciplinary action against an insurance company and other licensees. The unit's primary function is to ensure that consumer rights have not been violated. Staff also provides information to help consumers make educated decisions about insurance purchases. (Insurance Commissioner's Regulatory-State)

|       | FY 2006     | FY 2007     | Biennial Total |
|-------|-------------|-------------|----------------|
| FTE's | 25.8        | 26.0        | 25.9           |
| GFS   | \$0         | \$0         | \$0            |
| Other | \$2,007,000 | \$2,073,000 | \$4,080,000    |
| Total | \$2,007,000 | \$2,073,000 | \$4,080,000    |

**Statewide Result Area: Improve the economic vitality of businesses and individuals**

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

**Statewide Strategy: Provide consumer protection**

**Expected Results**

This activity also contributes to the recovery for consumers measure listed with the Investigations and Enforcement activity.

| Amount recovered for consumers as a result of the Office of Insurance Commissioner's intervention. |         |             |             |             |
|--|---------|-------------|-------------|-------------|
| Biennium   | Period  | Target      | Actual      | Variance    |
| 2005-07  | 8th Qtr | \$2,950,000 |             |             |
|  | 7th Qtr | \$2,950,000 |             |             |
|  | 6th Qtr | \$2,950,000 |             |             |
|  | 5th Qtr | \$2,950,000 |             |             |
|  | 4th Qtr | \$2,950,000 |             |             |
|  | 3rd Qtr | \$2,950,000 |             |             |
|  | 2nd Qtr | \$2,950,000 |             |             |
|  | 1st Qtr | \$2,950,000 | \$1,963,574 | \$(986,426) |

| Number of insurance consumer inquiries received and answered by the Office of the Insurance Commissioner |         |        |        |          |
|--|---------|--------|--------|----------|
| Biennium   | Period  | Target | Actual | Variance |
| 2005-07  | 8th Qtr | 30,500 |        |          |
|  | 7th Qtr | 30,500 |        |          |
|  | 6th Qtr | 30,500 |        |          |
|  | 5th Qtr | 30,500 |        |          |
|  | 4th Qtr | 32,963 |        |          |
|  | 3rd Qtr | 32,963 |        |          |
|  | 2nd Qtr | 32,963 |        |          |
|  | 1st Qtr | 32,963 | 36,407 | 3,444    |

**A004 Health Insurance Benefit Advisors**

The Statewide Health Insurance Benefits Advisors (SHIBA) HelpLine is a statewide network of trained volunteers who educate, assist, and advocate for consumers regarding health insurance and health care access issues. (Insurance Commissioner's Regulatory-State)

|       | FY 2006     | FY 2007     | Biennial Total |
|-------|-------------|-------------|----------------|
| FTE's | 17.2        | 16.1        | 16.7           |
| GFS   | \$0         | \$0         | \$0            |
| Other | \$2,160,000 | \$2,386,000 | \$4,546,000    |
| Total | \$2,160,000 | \$2,386,000 | \$4,546,000    |

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

**Statewide Result Area: Improve the health of Washingtonians**

**Statewide Strategy: Provide consumer protection**

**Expected Results**

SHIBA HelpLine staff and volunteers receive and answer over 100,000 inquiries per year targeting low-income populations that are least likely to approach the OIC directly. This activity also contributes to the consumer inquiries measure listed with the Consumer Information and Advocacy activity.

| Number of insurance consumer inquiries received and answered by the Office of the Insurance Commissioner |         |        |        |          |
|--|---------|--------|--------|----------|
| Biennium   | Period  | Target | Actual | Variance |
| 2005-07  | 8th Qtr | 30,500 |        |          |
|  | 7th Qtr | 30,500 |        |          |
|  | 6th Qtr | 30,500 |        |          |
|  | 5th Qtr | 30,500 |        |          |
|  | 4th Qtr | 32,963 |        |          |
|  | 3rd Qtr | 32,963 |        |          |
|  | 2nd Qtr | 32,963 |        |          |
|  | 1st Qtr | 32,963 | 36,407 | 3,444    |

**A007 Policy and Enforcement**

Staff handles enforcement actions against insurance companies, health carriers, and others; provides information and counsel to other agency divisions; and supports the public policy activities of the agency. (Insurance Commissioner's Regulatory-State)

|       | FY 2006     | FY 2007     | Biennial Total |
|-------|-------------|-------------|----------------|
| FTE's | 19.5        | 19.5        | 19.5           |
| GFS   | \$0         | \$0         | \$0            |
| Other | \$1,884,000 | \$2,076,000 | \$3,960,000    |
| Total | \$1,884,000 | \$2,076,000 | \$3,960,000    |

**Statewide Result Area: Improve the economic vitality of businesses and individuals**

**Statewide Strategy: Provide consumer protection**

**Expected Results**

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

| Number of enforcement actions and compliance plans issued against authorized insurers. |         |        |        |          |
|--|---------|--------|--------|----------|
| Biennium   | Period  | Target | Actual | Variance |
| 2005-07  | 8th Qtr | 12     |        |          |
|  | 7th Qtr | 12     |        |          |
|  | 6th Qtr | 12     |        |          |
|  | 5th Qtr | 12     |        |          |
|  | 4th Qtr | 12     |        |          |
|  | 3rd Qtr | 12     |        |          |
|  | 2nd Qtr | 12     |        |          |
|  | 1st Qtr | 12     | 7      | (5)      |

| Number of investigations of suspected illegal insurance entities completed. |         |        |        |          |
|---|---------|--------|--------|----------|
| Biennium  | Period  | Target | Actual | Variance |
| 2005-07   | 8th Qtr | 13     |        |          |
|   | 7th Qtr | 13     |        |          |
|   | 6th Qtr | 12     |        |          |
|   | 5th Qtr | 12     |        |          |
|   | 4th Qtr | 12     |        |          |
|   | 3rd Qtr | 11     |        |          |
|   | 2nd Qtr | 11     |        |          |
|   | 1st Qtr | 11     | 10     | (1)      |

## A002 Agents and Brokers Licensing and Education

Staff involved in this activity issues and renews licenses for agents, brokers, solicitors, adjusters, viatical settlement brokers, and others. Staff also administers continuing education requirements. (Insurance Commissioner's Regulatory-State)

|       | FY 2006   | FY 2007   | Biennial Total |
|-------|-----------|-----------|----------------|
| FTE's | 12.0      | 12.0      | 12.0           |
| GFS   | \$0       | \$0       | \$0            |
| Other | \$782,000 | \$808,000 | \$1,590,000    |
| Total | \$782,000 | \$808,000 | \$1,590,000    |

**Statewide Result Area:** Improve the economic vitality of businesses and individuals

**Statewide Strategy:** Provide consumer protection

### Expected Results

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

| Number of licenses and appointments issued for insurance agents and brokers licenses. |         |        |        |          |
|---|---------|--------|--------|----------|
| Biennium  | Period  | Target | Actual | Variance |
| 2005-07   | 8th Qtr | 77,628 |        |          |
|   | 7th Qtr | 77,628 |        |          |
|   | 6th Qtr | 77,628 |        |          |
|   | 5th Qtr | 77,628 |        |          |
|   | 4th Qtr | 76,106 |        |          |
|   | 3rd Qtr | 76,106 |        |          |
|   | 2nd Qtr | 76,106 |        |          |
|   | 1st Qtr | 76,106 | 95,084 | 18,978   |

## A008 Regulation of Insurance Rates and Forms

Staff reviews and approves the complex actuarial formulas, assumptions, and experience data submitted as part of a proposed rate filing to ensure rates are neither excessive, inadequate, nor unfairly discriminatory. Timely and accurate review is necessary to ensure the financial viability of the insurance company, as well as protecting Washington citizens from overcharges. Policy forms are reviewed to ensure that the terms and conditions of the insurance contract comply with state and federal laws prior to sale in Washington. (Insurance Commissioner's Regulatory-State)

|       | FY 2006     | FY 2007     | Biennial Total |
|-------|-------------|-------------|----------------|
| FTE's | 28.9        | 29.0        | 29.0           |
| GFS   | \$0         | \$0         | \$0            |
| Other | \$2,658,000 | \$2,742,000 | \$5,400,000    |
| Total | \$2,658,000 | \$2,742,000 | \$5,400,000    |

**Statewide Result Area: Improve the economic vitality of businesses and individuals**

**Statewide Strategy: Provide consumer protection**

### Expected Results

Rates and Forms staff reviews approximately 8,500 rate filings and 10,000 form filings per year.

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

| Average number of days required to finalize the filing review process for insurance rate and form filings. |         |        |        |          |
|--|---------|--------|--------|----------|
| Biennium   | Period  | Target | Actual | Variance |
| 2005-07  | 8th Qtr | 30     |        |          |
|  | 7th Qtr | 30     |        |          |
|  | 6th Qtr | 30     |        |          |
|  | 5th Qtr | 30     |        |          |
|  | 4th Qtr | 30     |        |          |
|  | 3rd Qtr | 30     |        |          |
|  | 2nd Qtr | 30     |        |          |
|  | 1st Qtr | 30     | 30.03  | 0.03     |

## ZZZX Other Statewide Adjustments

This item reflects proposed compensation and other adjustments that were not allocated to individual agency activities. The agency will assign these costs to the proper activities after the budget is enacted.

|       | FY 2006   | FY 2007   | Biennial Total |
|-------|-----------|-----------|----------------|
| FTE's | 0.0       | 0.0       | 0.0            |
| GFS   | \$0       | \$0       | \$0            |
| Other | \$(9,000) | \$112,000 | \$103,000      |
| Total | \$(9,000) | \$112,000 | \$103,000      |

**Statewide Result Area:** Strengthen the ability of state government to achieve results efficiently and effectively

**Statewide Strategy:** Human resources support for government agencies

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**Grand Total**

|       | FY 2006      | FY 2007      | Biennial Total |
|-------|--------------|--------------|----------------|
| FTE's | 207.8        | 206.8        | 207.3          |
| GFS   | \$0          | \$0          | \$0            |
| Other | \$21,089,000 | \$20,978,000 | \$42,067,000   |
| Total | \$21,089,000 | \$20,978,000 | \$42,067,000   |